

Overview of the Fiscal Year 2015 Budget

During the past five years, Governor Nixon has worked with the Legislature to tackle historic challenges. Together, they maintained strong fiscal discipline. Missouri's economy is moving full steam ahead. Missouri employers added more than 40,000 jobs over the last year and the unemployment rate has been below the national average for over four years.

Together, the Governor and Legislature balanced the budget and held the line on taxes, while making strategic investments to continue moving the state forward. As a result, Missouri is one of only a few states to hold a spotless, AAA credit rating from all three rating agencies. This sound financial management, along with the continued growth of our economy, will allow for needed investments in the upcoming budget.

The top priorities will continue to be – investing in education, creating jobs for Missourians, providing vital health and mental health services and keeping our fiscal house in order.

- Investing in and improving education at all levels.
- Helping businesses continue to create jobs.
- Strengthening our mental health safety net.
- Expanding and reforming Medicaid.
- Balancing the budget while holding the line on taxes.

With the economy accelerating, continued revenue growth is expected for Fiscal Year 2014. The revenue estimate assumes growth of 2.8 percent, which reflects moderate growth in income and sales taxes. Continued employment increases and consumer confidence will help increase general revenue collections in Fiscal Year 2015; Governor Nixon's Fiscal Year 2015 budget assumes revenue growth of 5.2 percent.

Governor Nixon's Fiscal Year 2015 Budget recommends the following increases, including over a \$490 million increase for education at all levels:

Early Childhood Education

- \$20 million for the Missouri Preschool Program.
- \$8.5 million for the First Steps Program.
- \$1 million for the Parents as Teachers Program.

K-12 Classrooms

- \$278 million for the K-12 foundation formula, half of the amount needed for full funding.
- \$15 million for K-12 transportation.
- \$12.4 million for increased accountability through student assessments.
- \$10.4 million to assist schools with the costs of students with high needs.
- \$10 million for one-time investments to expand broadband capacity for schools.
- \$5.0 million for supplemental funding for the Normandy School District.
- \$4.3 million to prepare high school students for college or careers, including innovation high schools.
- \$1.0 million to improve the placement of teachers in the state's academically struggling urban school districts.

Higher Education and Life Long Learning

- \$42.1 million for performance-based funding for colleges and universities.
- \$22 million to prepare students for high-demand STEM careers.
- \$19.8 million for grants for Caring for Missourians-Mental Health Initiative.
- \$17 million for Bright Flight scholars loan program.
- \$10 million for facility costs for nursing and other programming for Lincoln University.
- \$8.6 million for the Access Missouri Scholarship Program.
- \$2.7 million for the A+ Scholarship Program.
- \$1.0 million for Innovation Campus initiatives.
- \$4.5 million for worker training and retraining through the Missouri Works Program.
- \$0.5 million for Certified Work Ready Communities.

Jobs

- \$15 million for Missouri State Parks improvements.
- \$10.3 million to expand childcare and before- and after-school programs, to more low-income working families.
- \$10 million for tourism to enhance efforts to showcase Missouri.
- \$7.2 million to complete payments for deferred biodiesel production in two years.
- \$3 million for the Missouri Arts Council and other cultural partners.
- \$1 million for the Export Missouri Initiative to promote trade activities and provide resources to expand Missouri exports.

Health & Mental Health Care

- \$1.7 billion federal funds to expand and reform Medicaid, providing access to services for 300,000 low-income adults. This will result in \$77.3 million in general revenue savings.
- \$37.2 million for residential services for individuals with developmental disabilities experiencing a crisis.
- \$28 million to fund appropriations-backed bonds to replace Fulton State Hospital.
- \$20.6 million to eliminate the current Medicaid in-home waitlist for individuals with developmental disabilities.
- \$3 million for the Partnership for Hope, to serve a total of 3,800 participants.

Public Safety

- \$20 million in Fiscal Year 2014 to cover the costs of the Joplin tornado and previous disasters.
- \$6 million for the Children's Division to provide the highest level of care to children.

Efficient and Effective Government

- \$37.1 million for a 3% salary increase for state employees, effective January 1, 2015.
- \$19.2 million to match employee deferred compensation payments.
- \$11.1 million for state judges' salaries, per the Citizens' Commission for Compensation.
- \$7.1 million for repositioning to address high turnover of direct care nurses, children service workers, and youth services workers.
- Sufficient funds to keep premiums flat for employees in the Missouri Consolidated Health Care Plan.
- \$10 million to upgrade the state's technology systems.
- \$2.3 million to upgrade systems to increase tax collection efficiency.
- \$1.1 million to unify common regulatory and environmental systems for the Department of Natural Resources.

GENERAL REVENUE SUMMARY

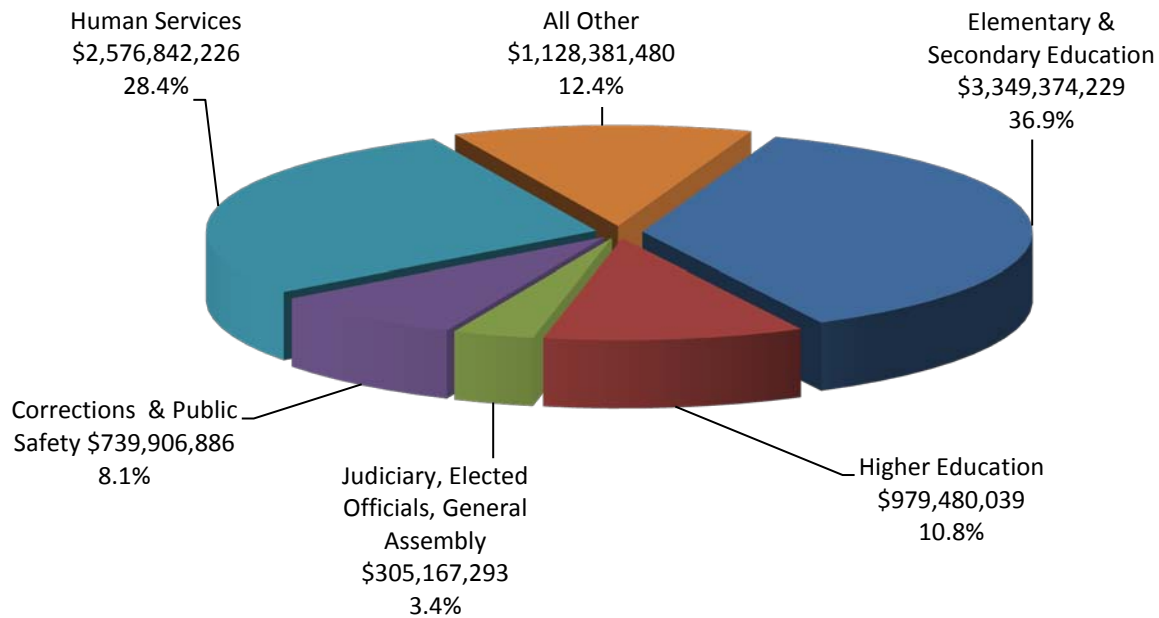
<u>RESOURCES</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Beginning Balance	\$ 64,056,028	\$ 329,738,685	\$ 146,416,705
Previous Year's Lapse ¹	139,663,383	117,239,988	90,000,000
Revenue Collections	9,262,046,768	9,564,600,000	10,050,500,000
Refunds	(1,179,360,199)	(1,254,100,000)	(1,312,000,000)
Other Collections ²		33,200,000	113,600,000
Transfers to Fund	184,808,379	102,200,000	97,300,000
Total Resources Available	\$ 8,471,214,359	\$ 8,892,878,673	\$ 9,185,816,705
<u>OBLIGATIONS</u>			
Operating Appropriations	\$ 8,013,807,330	\$ 8,276,748,366	\$ 9,079,152,153
Supplemental/Estimated Appropriations	57,668,344	274,713,602	10,600,000
Capital Appropriations	70,000,000	195,000,000	96,000,000
Total Obligations	\$ 8,141,475,674	\$ 8,746,461,968	\$ 9,185,752,153
Ending Balance	\$ 329,738,685	\$ 146,416,705	\$ 64,552

NOTES TO GENERAL REVENUE SUMMARY

- (1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This includes reserves authorized by Section 33.290, RSMo.
- (2) Includes tax amnesty, centralized debt collection, integrated tax system, federal reciprocity, and other collection initiatives.

FY 2015 GOVERNOR'S RECOMMENDED OPERATING BUDGET GENERAL REVENUE

Total Appropriations* \$9,079,152,153



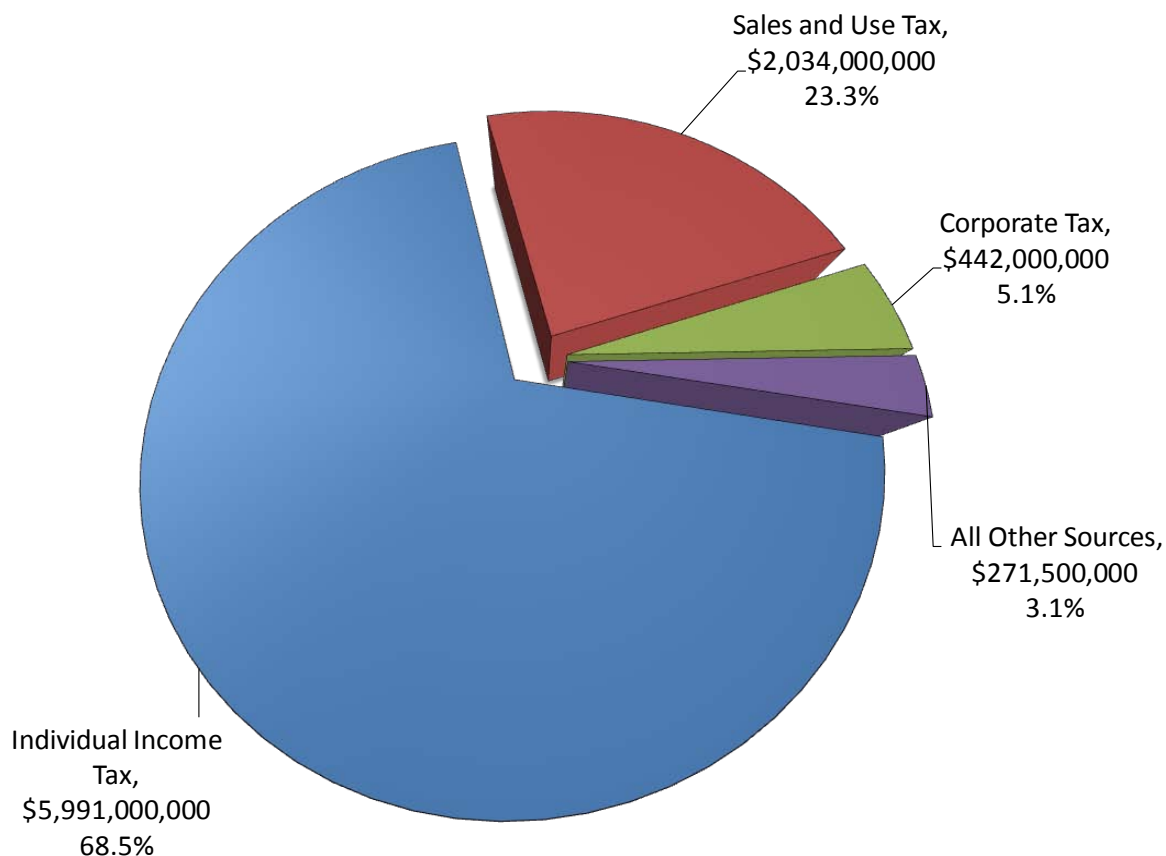
*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	<u>Actual Receipts FY 2013</u>	<u>Revenue Estimate FY 2014</u>	<u>Revenue Estimate FY 2015</u>
Collections			
Individual Income Tax	\$ 6,367,971,141	\$ 6,573,900,000	\$ 6,981,000,000
Sales and Use Tax	1,897,543,412	1,978,000,000	2,064,000,000
Corporate Income/Franchise Tax	525,678,994	585,000,000	580,000,000
County Foreign Insurance Tax	191,234,333	193,000,000	197,000,000
Liquor Tax	26,075,287	27,000,000	28,000,000
Beer Tax	8,044,713	8,400,000	8,400,000
Interest on Deposits and Investments	7,038,083	7,500,000	9,000,000
Federal Reimbursements	18,433,426	25,200,000	26,200,000
All Other Sources	220,027,379	166,600,000	156,900,000
Total General Revenue Collections	9,262,046,768	9,564,600,000	10,050,500,000
Refunds	(1,179,360,199)	(1,254,100,000)	(1,312,000,000)
Net General Revenue Collections	\$ 8,082,686,569	\$ 8,310,500,000	\$ 8,738,500,000
Net Growth Rate		2.8%	5.2%

FY 2015 REVENUE ESTIMATE

Net General Revenue \$8,738,500,000



Higher Education Institutions' FY 15 Funding						
Institution	FY 15 Core Funding	STEM Funding (3%)	Performance Funding		Total	Caring for Missourians
Crowder College	4,553,647		211,748	4.7%	4,765,395	216,076
East Central College	5,148,157		143,636	2.8%	5,291,793	74,453
Jefferson College	7,438,917		276,732	3.7%	7,715,649	301,410
Metropolitan Community College	31,204,592		1,451,037	4.7%	32,655,629	439,892
Mineral Area College	5,024,897		186,929	3.7%	5,211,826	195,803
Moberly Area Community College	5,115,527		237,876	4.7%	5,353,403	167,283
North Central Missouri College	2,456,998		91,402	3.7%	2,548,400	114,071
Ozarks Technical Community College	10,670,713		396,957	3.7%	11,067,670	579,228
St. Charles Community College	7,756,527		288,547	3.7%	8,045,074	155,000
St. Louis Community College	44,201,321		1,644,315	3.7%	45,845,636	349,900
State Fair Community College	5,345,053		198,839	3.7%	5,543,892	91,585
Three Rivers Community College	4,405,145		204,842	4.7%	4,609,987	308,965
Community College Subtotal	133,321,494	0	5,332,860	4.0%	138,654,354	2,993,666
Linn State Technical College	4,715,538	141,466	246,896	5.2%	5,103,900	
University of Central Missouri	53,941,479	1,618,244	2,259,410	4.2%	57,819,133	610,940
Southeast Missouri State University	44,351,623	1,330,549	2,322,158	5.2%	48,004,330	1,347,596
Missouri State University	81,039,663	2,431,190	4,243,067	5.2%	87,713,920	1,667,930
Lincoln University	17,638,222	529,147	554,100	3.1%	18,721,469	172,960
Truman State University	40,512,994	1,215,390	2,121,175	5.2%	43,849,559	520,524
Northwest Missouri State University	30,282,512	908,475	1,585,529	5.2%	32,776,516	216,200
Missouri Southern State University	23,227,051	696,812	972,896	4.2%	24,896,759	
Missouri Western State University	21,586,252	647,588	678,127	3.1%	22,911,967	
Harris-Stowe State University	9,793,757	293,813	410,225	4.2%	10,497,795	
University of Missouri	407,511,996	12,225,360	21,336,471	5.2%	441,073,827	12,262,295
Four Year Institution Subtotal	734,601,087	22,038,034	36,730,054	5.0%	793,369,175	16,798,445
Two and Four Year Institutions Total	867,922,581	22,038,034	42,062,914	4.8%	932,023,529	19,792,111

EXPANDING AND REFORMING MEDICAID GENERAL REVENUE BUDGET SUMMARY

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2022
People Served	297,024	301,602	305,484	309,368	313,250
	<u>\$s in Mils</u>	<u>\$s in Mils</u>	<u>\$s in Mils</u>	<u>\$s in Mils</u>	<u>\$s in Mils</u>
New Cost	\$0.0	\$0.0	(\$35.3)	(\$78.9)	(\$164.0)
Savings Existing Population	\$86.1	\$159.4	\$189.0	\$199.4	\$202.3
Reform Savings	\$4.7	\$9.2	\$11.9	\$14.3	\$19.7
Access to Physicians	(\$12.0)	(\$24.0)	(\$24.0)	(\$24.0)	(\$24.0)
<u>Admin Cost</u>	<u>(\$1.5)</u>	<u>(\$0.8)</u>	<u>(\$0.8)</u>	<u>(\$0.8)</u>	<u>(\$0.8)</u>
Net Savings	\$77.3	\$143.8	\$140.8	\$110.0	\$33.2
<u>New Revenue</u>	<u>\$16.9</u>	<u>\$42.1</u>	<u>\$40.0</u>	<u>\$36.4</u>	<u>\$40.3</u>
Net Positive Impact	\$94.2	\$185.9	\$180.8	\$146.4	\$73.5

BUDGETED FULL TIME EQUIVALENT (FTE) SUMMARY									
							Gov Rec	Change	Change
Department	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	14 to 15	09 to 15
Elementary and Secondary Education	1,830	1,746	1,717	1,711	1,690	1,694	1,694	-	(136)
Higher Education	76	76	76	76	76	79	81	2	5
Revenue	1,583	1,463	1,418	1,443	1,403	1,374	1,376	2	(207)
Transportation	6,947	6,617	6,617	6,417	5,813	5,653	5,654	1	(1,293)
Office of Administration*	2,086	2,033	2,204	2,254	2,176	2,179	1,943	(236)	(143)
Agriculture	401	391	393	410	413	414	426	12	25
Natural Resources	1,814	1,796	1,782	1,784	1,755	1,757	1,705	(52)	(109)
Conservation	1,872	1,844	1,844	1,843	1,813	1,813	1,813	-	(59)
Economic Development	978	976	967	967	934	909	947	38	(31)
Insurance, Financial Inst., Prof. Reg.	534	545	550	583	578	580	586	6	52
Labor and Industrial Relations	866	832	828	824	824	823	826	3	(40)
Public Safety	5,035	5,033	4,974	4,962	4,971	5,008	5,031	23	(4)
Corrections*	11,431	11,329	11,152	11,047	11,039	11,023	11,260	237	(171)
Mental Health	8,676	8,292	7,874	7,440	7,414	7,445	7,452	7	(1,224)
Health and Senior Services	1,914	1,894	1,834	1,727	1,788	1,789	1,769	(20)	(145)
Social Services	8,178	8,093	7,760	7,355	7,220	7,158	7,037	(121)	(1,141)
Elected Officials	975	987	992	993	986	964	963	(1)	(12)
Judiciary	3,405	3,406	3,406	3,406	3,406	3,407	3,425	18	20
Public Defender	560	572	572	587	587	587	587	-	27
General Assembly	712	711	688	680	686	687	687	-	(25)
Total	59,873	58,636	57,648	56,510	55,571	55,343	55,262	(81)	(4,611)
*239 maintenance and repair staff functions transferred from the Office of Administration to the Department of Corrections.									